

Demographic shifts and economic resilience: A call to action

The global landscape is currently undergoing a transformative shift marked by ageing populations in countries such as Japan, South Korea, China and the European Union. This demographic evolution has far-reaching implications, extending beyond these nations to emerging economies like Malaysia, as indicated by data from the Department of Statistics Malaysia. This commentary delves into the economic ramifications of an ageing population and explores potential strategies for Malaysia to navigate this imminent shift.

At the heart of demographic challenges lies the replacement birth ratio, a crucial metric for sustaining a nation's population. The global benchmark hovers around 2.1 children per couple, with projections suggesting that the world will approach this threshold by the 2050s. However, several countries, including Malaysia, have witnessed a decline in fertility rates. Malaysia's fertility rate has declined from 4.9 children per couple in 1970 to 1.7 in 2020. Given this trajectory, it becomes increasingly likely that Malaysia may face significant demographic imbalances in the coming decades.

Economically, this demographic shift poses multifaceted challenges. Pay-as-you-go social

security programmes, designed around a balanced ratio of working individuals to retirees, face sustainability issues. Payouts to retirees are projected to outstrip the income generated by the working population, necessitating a transition from defined benefit pension programmes to defined contribution savings programmes.

The decline in population growth poses a substantial threat to productivity unless proactive measures are taken. Strategic interventions, such as labour migration or embracing technological advancements, become imperative in addressing the potential economic downturn. An ageing society, characterised by a reduced workforce and the production of fewer goods, and yet an increased standard of living (viz. an increase in the quantity of goods demanded), could result in inflation and an elevated cost of living (viz. an increase in the price of goods). This scenario not only impacts the nation's economic stability but also influences the feeling of well-being of its citizens.



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As such, it underscores the urgency for nations, including Malaysia, to adopt forward-thinking policies and technological innovations that can mitigate the adverse effects of demographic shifts on productivity and economic well-being.

To glean insights into effective strategies, we can turn to examples like Japan, where the current fertility rate stands at 1.3 births per couple. The town of Akashi, featured in a National Public Radio (NPR) article, provides a compelling case study. Akashi has successfully countered the trend of declining population growth by implementing policies that make child-rearing affordable for working couples. These include measures like affordable daycare centres, free medical care, education,

school lunches and even free diapers delivered to young families' homes. Additionally, the town has embraced labour migration policies to supplement its workforce.

Drawing inspiration from such successful models, and rest assured there are others, Ma-

laysia can consider adopting similar measures to proactively address its demographic challenges. Policies supporting childbearing and rearing, mirroring those in Akashi, should be prioritised for affordability throughout a child's lifecycle. Initiatives like tax breaks for young families, "returnship" programmes for women on career breaks and efforts to promote gender equality in the workplace can contribute to a more balanced demographic landscape.

Furthermore, it is imperative for Malaysia to place a strong emphasis on enhancing productivity by seamlessly incorporating technology across various sectors of the economy and society. The integration of user-friendly, artificial intelligence-driven applications should be prioritised for financial economic inclusion, ensuring accessibility even in remote rural areas. This approach will facilitate a quicker and more widespread adoption of technology, thereby propelling economic growth. Malaysia should adopt targeted labour migration policies to attract talent that aligns with its evolving economic and human capital needs. Simultaneously, efforts to upskill our citizens in the workforce will enhance versatility and resilience, meeting the demands of a swiftly evolving global economy.

In addition, delaying the retirement age and implementing subsidised continuing education programmes to upskill the elderly can be effective strategies, especially for those who wish to work longer. These measures acknowledge the inherent lags in demographic policies and empower individuals to contribute to the workforce for an extended period if they choose to do so.

On the education front, pedagogical styles must evolve with the times, and flexibility is a key aspect. As people become busier at work, the traditional model of students going to higher learning institutions needs to adapt — these institutions should also reach out to learners. Agile Continuing Education (ACE) signifies a deliberate shift in the approach to learning, emphasising agility and lifelong education. ACE asserts that learning not only occurs throughout one's career and life but must also be flexible. Therefore, it is imperative for education to become agile and easily accessible to lifelong learners, including the elderly and

those in "returnship" programmes.

At the Asia School of Business, postgraduate programmes are modularised, allowing some courses to be offered as stand-alone options, accessible through a "hybrid-flexible" mode. This mode combines videos, live online sessions and in-person experiential classes.

In conclusion, Malaysia stands at a crucial juncture where foresight and strategic planning can mitigate the economic impact of an ageing population. By learning from successful models and tailoring policies to its unique context, Malaysia can not only weather the demographic storm but also emerge as a resilient and adaptable economy. It is a call to action for policymakers, educators, the business community and citizens alike to collaboratively shape a future that ensures economic prosperity in the face of demographic shifts. ■

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